

**Introduced by Senator Morrow**

April 7, 2005

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Senate Constitutional Amendment No. 14—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 3 of, and by repealing Section 3.5 of, Article XIII thereof, relating to taxation.

**LEGISLATIVE COUNSEL'S DIGEST**

SCA 14, as introduced, Morrow. Property tax.

The California Constitution and existing property tax law exempt from property taxation property in the amount of \$4,000 of a veteran, as specified, that meets certain military service requirements, and generally exempts from property taxation the same amount of property of a deceased veteran's unmarried spouse and parents. These provisions preclude these persons from claiming these exemptions if their total property holdings exceed a specified amount. The California Constitution and existing property tax law also establish a homeowners' exemption to exempt from property taxation the first \$7,000 of value of a dwelling that constitutes the taxpayer's principal place of residence, as provided.

This measure would repeal the existing property tax exemptions for veterans, their unmarried spouses, and their parents to establish the Military and Veterans' Homeowners' Exemption. This measure would provide a property tax exemption for the principal place of residence of qualified persons, which this measure would define as active military personnel and veterans, who reside in the state and whose service or discharge meets certain conditions, and the resident, unmarried spouses of deceased veterans who were eligible for exemption prior to their death. This measure would provide that this exemption is 10% higher than the general homeowners' exemption

and would be available to a qualified person without regard to the value of his or her property holdings.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

1     *Resolved by the Senate, the Assembly concurring,* That the  
2     Legislature of the State of California at its 2005-06 Regular  
3     Session commencing on the sixth day of December, 2004,  
4     two-thirds of the membership of each house concurring, hereby  
5     proposes to the people of the State of California, that the  
6     Constitution of the State be amended as follows:

7     First—That Section 3 of Article XIII thereof is amended to  
8     read:

9     SEC. 3. The following are exempt from property taxation:

10    (a) Property owned by the State.

11    (b) Property owned by a local government, except as  
12    otherwise provided in ~~Section 11~~(a) *subdivision (a) of Section 11*.

13    (c) Bonds issued by the State or a local government in the  
14    State.

15    (d) Property used for libraries and museums that are free and  
16    open to the public and property used exclusively for public  
17    schools, community colleges, state colleges, and state  
18    universities.

19    (e) Buildings, land, equipment, and securities used exclusively  
20    for educational purposes by a nonprofit institution of higher  
21    education.

22    (f) Buildings, land on which they are situated, and equipment  
23    used exclusively for religious worship.

24    (g) Property used or held exclusively for the permanent  
25    deposit of human dead or for the care and maintenance of the  
26    property or the dead, except when used or held for profit. This  
27    property is also exempt from special assessment.

28    (h) Growing crops.

29    (i) Fruit and nut trees until 4 years after the season in which  
30    they were planted in orchard form and grape vines until 3 years  
31    after the season in which they were planted in vineyard form.

32    (j) Immature forest trees planted on lands not previously  
33    bearing merchantable timber or planted or of natural growth on  
34    lands from which the merchantable original growth timber stand  
35    to the extent of 70 percent of all trees over 16 inches in diameter

1 has been removed. Forest trees or timber shall be considered  
2 mature at such time after 40 years from the time of planting or  
3 removal of the original timber when so declared by a majority  
4 vote of a board consisting of a representative from the State  
5 Board of Forestry, a representative from the State Board of  
6 Equalization, and the assessor of the county in which the trees  
7 are located.

8 The Legislature may supersede the foregoing provisions with  
9 an alternative system or systems of taxing or exempting forest  
10 trees or timber, including a taxation system not based on property  
11 valuation. Any alternative system or systems shall provide for  
12 exemption of unharvested immature trees, shall encourage the  
13 continued use of timberlands for the production of trees for  
14 timber products, and shall provide for restricting the use of  
15 timberland to the production of timber products and compatible  
16 uses with provisions for taxation of timberland based on the  
17 restrictions. ~~Nothing in this~~ This paragraph shall *not* be construed  
18 to exclude timberland from the provisions of Section 8 of this  
19 article.

20 (k) ~~\$7,000~~ *Seven thousand dollars (\$7,000)* of the full value of  
21 a dwelling, as defined by the Legislature, when occupied by an  
22 owner as his principal residence, unless the dwelling is receiving  
23 another real property exemption. The Legislature may increase  
24 this exemption and may deny it if the owner received state or  
25 local aid to pay taxes either in whole or in part, and either  
26 directly or indirectly, on the dwelling.

27 No increase in this exemption above the amount of ~~\$7,000~~  
28 *seven thousand dollars (\$7,000)* shall be effective for any fiscal  
29 year unless the Legislature increases the rate of state taxes in an  
30 amount sufficient to provide the subventions required by Section  
31 25.

32 If the Legislature increases the homeowners' property tax  
33 exemption, it shall provide increases in benefits to qualified  
34 renters, as defined by law, comparable to the average increase in  
35 benefits to homeowners, as calculated by the Legislature.

36 (l) Vessels of more than 50 tons burden in this State and  
37 engaged in the transportation of freight or passengers.

38 (m) Household furnishings and personal effects not held or  
39 used in connection with a trade, profession, or business.

40 (n) Any debt secured by land.

~~(o) Property in the amount of \$1,000 of a claimant who—  
(1) is serving in or has served in and has been discharged  
under honorable conditions from service in the United States  
Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue  
Marine (Revenue Cutter) Service; and—~~

~~(2) served either  
(i) in time of war, or  
(ii) in time of peace in a campaign or expedition for which a  
medal has been issued by Congress, or  
(iii) in time of peace and because of a service-connected  
disability was released from active duty; and—  
(3) resides in the State on the current lien date.~~

~~An unmarried person who owns property valued at \$5,000 or  
more, or a married person, who, together with the spouse, owns  
property valued at \$10,000 or more, is ineligible for this  
exemption.~~

~~If the claimant is married and does not own property eligible  
for the full amount of the exemption, property of the spouse shall  
be eligible for the unused balance of the exemption.~~

~~(p) Property in the amount of \$1,000 of a claimant who—  
(1) is the unmarried spouse of a deceased veteran who met the  
service requirement stated in paragraphs (1) and (2) of subsection  
3(o), and~~

~~(2) does not own property in excess of \$10,000, and  
(3) is a resident of the State on the current lien date.~~

~~(q) Property in the amount of \$1,000 of a claimant who—  
(1) is the parent of a deceased veteran who met the service  
requirement stated in paragraphs (1) and (2) of subsection 3(o),  
and~~

~~(2) receives a pension because of the veteran's service, and  
(3) is a resident of the State on the current lien date.~~

~~Either parent of a deceased veteran may claim this exemption.~~

~~An unmarried person who owns property valued at \$5,000 or  
more, or a married person, who, together with the spouse, owns  
property valued at \$10,000 or more, is ineligible for this  
exemption.~~

~~(r) No individual residing in the State on the effective date of  
this amendment who would have been eligible for the exemption  
provided by the previous section 1 ¼ of this article had it not~~

1 ~~been repealed shall lose eligibility for the exemption as a result~~  
2 ~~of this amendment.~~

3 *(o) (1) For a dwelling that is owned and occupied as the*  
4 *principal residence of a qualified person, an amount that is 10*  
5 *percent greater than the amount of the homeowners' exemption*  
6 *granted under the authority of subdivision (k). This exemption is*  
7 *known and may be cited as the Military and Veterans'*  
8 *Homeowners' Exemption.*

9 *(2) For purposes of this subdivision, "qualified person"*  
10 *means both of the following:*

11 *(A) A person who resides in California on the lien date and*  
12 *who is serving in, or who has served in and has been discharged*  
13 *under honorable conditions from service in, the United States*  
14 *Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue*  
15 *Marine (Revenue Cutter) Service during either of the following:*

16 *(i) A time of war or in a time of peace in a campaign or*  
17 *expedition for which a medal has been issued by Congress.*

18 *(ii) A time of peace and because of a service-connected*  
19 *disability was released from active duty.*

20 *(B) The unmarried surviving spouse, who resides in California*  
21 *on the lien date, of a deceased person who met the requirements*  
22 *of subparagraph (A) on the lien date immediately preceding his*  
23 *or her death.*

24 ~~Second—That Section 3.5 of Article XIII thereof is repealed.~~

25 ~~SEC. 3.5. In any year in which the assessment ratio is~~  
26 ~~changed, the Legislature shall adjust the valuation of assessable~~  
27 ~~property described in subdivisions (o), (p) and (q) of Section 3 of~~  
28 ~~this article to maintain the same proportionate values of such~~  
29 ~~property.~~